

LGCSCI Q&As

3-5 May 2016

- Can you provide a little more explanation of the single award strategy?
 - a. We are looking at having one contractor that will be responsible for a group of NSN's. Yes, it is a single award for those NSN's. For the life of the contract, there can be multiple contractors but they will only be responsible for one group of NSN's. It can be a single prime.
- The contractors will bid on either buckets of NSN's or all of the NSN's to compete for the contract? Yes, it could be awarded at either the bucket level or group of NSN level.
- Will contractors be bidding ceiling prices?
 - a. No, What you bid up front is what your price will be with and we intend to incorporate an EPA clause to mitigate some of the risks of long term pricing
- If we bid at the economic quantity price then we would be under bidding for that actual cost with less than an economic quantity. How do we know that the forecasting is going to be better than what it is at today? Is the automated system going to work better?
 - a. The automated system is working very well for the DLA consumable items. We can get with you to go over the forecasted items before they come out. The new strategy is developing to help fix the problems that we see today. We are looking to have industry to help us fix it. If you have ideas how we can group the items or how to support the requirement, let us know so we can incorporate them.
- You talked about being able to add parts to the contract. In the past this has been commented on but nothing has come of it. Will the contract have this as the language?
 - a. We have been talking to legal on how to be able to add parts to the contract. We would like to have an add clause that describes the scope of parts that can be added
- How are you going to construct the different buckets of NSN's?
 - a. We have been discussing different ways but we are asking industry to provide discussion points on how we should do it. If it is not feasible, it we won't do it.
- Is there a timeline for when you will be providing this information?
 - a. We have to have the contract awarded by May 2018 so we are working to have the data out as soon as possible. The RFP will be going on in spring of 2017. You are presently in the data call to develop the strategy. As we develop and refine the strategy new data and information will be posted up until RFP release.
- Will it be a requirement to bid on all parts?
 - a. Yes, you will need to bid on all parts. At this point though we are still developing the strategy for this requirement.
- Is it possible for a small business to support this contract?
 - a. It is possible, but we think it would take a team on contractors to support this.
 - b. If teaming is involved, we would need to know what the responsibility of each team member is.

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- The team is looking in to a way to work around the termination issues. We are looking to you for information on how we can do this.
 - a. If the “D” code on the NSN is changed then the parts will not have to be destroyed. If the code can be changed and allow the manufacturer to store partially completed parts until a later date, terminations would not be as much as a concern.
- Will there be progress payments for the next contract?
 - a. Progress payments are an issue for today but this does not mean that there cannot be progress payments on the next contract. They will have to meet all the requirements.
- SAR packages. If we know what the groups of NSN’s would be, we would able to put together a strategy to develop SAR packages. Is there an ability to change the present process?
 - a. Engineering has been very open to make some changes in the SAR program to make it easier to develop new sources so this is something that we can explore.
- Will there be any ability for the prime to provide changes for processes or materials to provide a more effective and cost savings effort?
 - a. We will look at it, but it will go to the desk engineer to make the final changes.
- Is there an understanding of the NSN crossover for LGPBL1 and LGPBL2 for this effort? Will the contractors of these efforts be required to purchase from this effort?
 - a. The government will keep the NSN’s on this contract to support the ability to purchase spares in the future. If there is a condemnation of the LGPBL contract, the contractor will not be required to purchase spares on this effort. There are currently 120 NIINs that will be covered by both efforts.
- Will there be phases of the bid process?
 - a. For the source selection process, there will be a competitive range developed and then questions will be resolved through EN’s to reduce the number of competitors.
- What more can we do to become more qualified to meet this requirement?
 - a. We just need to know what your full capabilities are. If you have ideas to help us then we are asking for you to put it into as white paper to help us understand and document the information.
- What is it that will preclude this from a small business set aside?
 - a. Sheer scope, must have business infrastructure to oversee all aspects of the contract. Provided information from the FAR section 9. We will be looking at the financial, manufacturing, supply chain management and engineering capabilities. We intend on developing a requirement that will help the Government solve supply chain problems.
- We recommend using NADCAP
- Are you thinking about First Articles Testing (FAT) on a company or each NSN?
 - a. FAT will still be accomplished per NSN, however we have introduced the ability for contractors to utilize an independent 3rd party lab for testing.
- Is the \$900M estimate for 5 or 10 years?

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- a. This is a 10 year rough estimate based on spend, however a thorough BCA is being done in order to develop a more accurate number, so it will likely change
- Do you expect a separate CLIN for tooling to be developed?
 - a. On the present program, there have not been any issues on requalification of dies. It is not that the dies are lost but it is the tech data package doesn't include the present location of the dies. You can suggest to add in a CLIN to support the requirement of tooling as a concern and how it would be best to support and develop as needed. Request this in the feedback on this meeting.
- Do you envision commercial packaging or special packaging requirements?
 - a. There are some parts that require SPI packaging but there are some consumables that are able to be delivered in commercial packaging but there are some that will require packaging other than commercial.
- RFID is required but cannot be put on non-serialized parts. Is this going to be a requirement?
 - a. There will be an explanation on this in the RFP.
- Will this program support USAF only or will FMS items be included?
 - a. This will support FMS also. We will provide forecasted as well as possible but there are FMS requirements that will come in that are required to support.
- Surge requirements. Will this contract be required to support surges?
 - a. Yes, you will need to be required to support surges but most of them would come from DLA.
- To what level are you going to hold us to the price and delivery time?
 - a. It will be a firm fixed price for 10 years with delivery schedules. We understand the issues to price for 10 years but we will take into consideration the BEQ and adjustments. The only way we can develop an idea of comparison between contractors is to make it a firm fixed price. If you have a different idea how to do this, then you can provide us the ideas for consideration. You can share with us whatever you feel is helpful. A fixed price with EPA is the only way we know of to put this on contract. If you have a better way, help us to understand this.
- If there is a low quantity order, the price can be outside of the fixed price and then it is not economical to purchase.
 - a. This is an inherent risk to any Fixed Price contract. The government intends to include provisions that reduce the risk of long term pricing, however the contractor is expected to bear risk as well.
- Will you be providing all available data for this effort?
 - a. Any information we have will be provided. If you see something that we do not identify then let us know and we will work on it. We intend to begin releasing a fairly regular stream of data from now until RFP release.
- If we have been qualified to build parts for an FMS country, are we still required to submit a SAR?
 - a. Provide us a different way that would work. We have an EN office that is willing to look at new ways of doing things.

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- From your point of view, do you see anything that is a major constraint caused by the government?
 - a. CSI issues are a major problem. They drive a lot of waste with production and PLT. The CSI requirement drives parts to be produced in a smaller quantity to have the specific inspections required. They can have the part on the shelf from another production run but cannot sell it because the inspection process has not been completed.
- What weapon system has the largest biggest requirement?
 - a. The F-16
- We feel government is overstating requirements on this contract because the PBL contractor will be manufacturing or purchasing all those components.
 - a. There will be 120 items that overlap between LGPBL1 and LG-CGCI the anticipated usage will be reflected in the government's BCA.
- What do you think about the HVOF requirements?
 - a. HVOF is a problem with getting it set up and the processes. HVOF is harder to grind.
- The government is asking to increase suppliers but in industry we are going to fewer suppliers that provide quality parts on time. Industry is moving away from small suppliers because of the support that is required to get them to produce quality parts on time. There is too much investment to get the small suppliers to perform.
 - a. The goal of this effort is to improve customer support and we must improve our supplier base to do so.
- We have challenges with purchasing parts because we are required to go to small businesses and they do not have the systems or equipment that can support the requirement.
- What role do you see DCMA in for the future?
 - a. DCMA should be there to help us. They do not need to be there to watch some of the processes. There is no value to have them there to watch plating or shot peen. It is slowing down the processes and causing problems.
- We recommend using only NADCAP certified companies. They are the companies that commercial is going to and they are not having any problems.
- Is it possible to not terminate and just delay the delivery of parts that will not be needed? We would be interested in storing the parts until it is needed.
 - a. The government is very open to this idea and are exploring how we can eliminate unnecessary terminations, and stay compliant with our regulations.
- One of the problems we are seeing is the change of people that are supporting the workloads. Many times the knowledge and understanding of what needs to happen is not there.
 - a. Turnover is an issue we have to deal with. We are attempting to create a very clear and simple contract structure in order to help mitigate this problem.
- Do you see a problem with the forging houses?
 - a. There are some forging houses that are slow but there is not a real problem at this point.

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- Are we required to only use the sources that are listed on the 761's or can we use others? How long will it take to develop and approve new sources?
 - a. Currently you have to go through the engineers to get sources approved. AF Engineering is entertaining the idea to allow the prime to take that responsibility for the quality of the part.
- Are you able to give more detailed data on the performance of past manufacturers?
 - a. We will give you all the data that we possibly can. We will look at what can be provided, however a contractors past performance information is typically not something that is released by the Government.
- First Article Inspections: Is there some thought to have the prime take the responsibility of the first article inspections and approvals?
 - a. AF Engineering is willing to go to a third party lab for the inspections. He may not be on board to give full responsibility of the first article to the prime.
- Availability is defined as having the part on the shelf when it is requested. The understanding is that the government will maintain the forecasting. A disconnect that we see is the inaccurate forecasting to meet the requirement. Will there be a measurement for that performance? There will be a metric for availability that will include FMS. We are not sure how we would hold a prime accountable on un-programmed requirements. We also intend to introduce as much transparency into the forecasting as possible in order to create a more collaborative forecasting approach.
- How will the second landing gear PBL, LGPBL2, affect this effort?
 - a. We are not sure at this point in time. However, we do know the LGPBL contractor will have the option to use the LG-CSCI contract.
- Will this be a small business set aside or open competition?
 - a. This is yet to be determined. What we are looking at is what is in the best interest of the government. We are using small businesses currently, but we are in the process of determining if this effort is still appropriate as a set-aside? We need to contract with someone that will give us the correct support. There are some suppliers that will take on too much work until they cannot perform and may go out of business, because they cannot manage the workload correctly. We need a contractor with a single sight picture for the primes or manufacturers to be able to manage the full workload.
- Do you see any benefit of combining the simple parts and complex parts separate from each other and into different buckets?
 - a. It may be better to include them together, simple with simple, complex with complex. From a cost savings approach, it may be better to split up the simpler parts.
- Any thoughts on the large fluctuations in the demands?
 - a. Yes this is one of the main reasons for introducing a more collaborative forecasting method.
- Will the information be a live feed of data to help on the forecasting?
 - a. This is still in the development.

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- We have been told that the outside process houses are the hold up and taking time. Do you see a benefit for the government to deal directly with the processor?
 - a. It all depends on the information flow. If we do not have all the information, it will hold up the process and delay delivery. This is mostly for repair. If it is a new build there is usually not a problem.
- Is it better for a prime to come to you (the forger) and let you know how much will be worked for the year?
 - a. Yes, we will sell you the schedule for work. If we know when the parts are coming in, we will have the facility ready.
- Does your forging house put priority on military work?
 - a. If something just shows up, we will work it in as we can. If it is A/C, it will go to the head of the line and doesn't matter if it is military or commercial. It is better to work with the prime and develop a relationship with them than to work directly with the government. Doesn't make a difference to work with a small or large business.
- We hear that the government is not a big part of the Forger's business and we just have to get in line. Is there something we can do to make that better?
 - a. We do have companies that are both military and commercial. The technicians have the understanding to keep that workload moving forward and it doesn't matter if it is military or commercial.
- Do you see anyone starting up new facilities for coatings or platings?
 - a. Not in plating but there is some interest developing in the thermal coatings areas. There are large companies getting into the area of thermal coating as a division of the larger company.
- How do you feel about pricing 3200 NIIN's with lead times?
 - a. There is a major effort to price that level of NIIN's and there is a risk to do this. They do not have a problem putting out a price and holding that price. They understand that there is a need to have an economic price adjustment.
- Do you see any conflict in the industry between manufacturers?
 - a. No, this is a small group of manufacturers that will support and work with others to help and provide support.
- Overloading manufacturers is a concern for the govt. Are there things that you look at like internal control when looking for subs?
 - a. Yes, there are several areas that we look at to make sure that we and others don't get overloaded and if that happens, how to mitigate the issues.
- Can you give us a better understanding of going to a single prime and the upfront financial requirements?
 - a. There is a larger number of NSNs that will be supported. We are looking at all the aspects of the present contract and what would be the best ways to support our new requirement moving forward. We are looking at it as not a follow on but a totally new effort. We are trying today to let everyone understand the magnitude of the effort. We are looking for a best way to support this from an industry point of view.

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- How did you come up with the \$26M value?
 - a. Our analysts evaluated the raw material costs and investments needed to support the contract. The single award may not be for the full 3200 NIINs but there could be several awards but only for a designated number of NIINs.
- Is the \$26M up front investment going to be a requirement in order to get an award for this contract.
 - a. The \$26M is a 3 year estimate for material costs to support complex forgings. This number is not a hard requirement, it was posited in order to provide potential offerors with an understanding of the magnitude of the effort and the necessity for robust financial backing in order to adequately support this effort.
- How do you see DCMA being a part of the process?
 - a. Main challenge today is the CSI stop points and time lost to support these inspections. The specialized QAR's are needed to support this type of workload. The DCMA QAR needs to be more proactive and not reactive. DCMA is holding up production and delivery because we have to wait for approvals and inspections. No preproduction planning meetings with DCMA are being held. The meeting with DCMA is not happening until the end of the process just before shipping.
- Can the Government pre-qualify vendors? Qualification of new suppliers would help.
 - a. We do not have the ability to provide funding to develop new sources for approval. It is all on the contractor to get approved before contract award.
- We are asking to expand the industry base but there has been discussion of focusing more on improving the current industrial. What are your thoughts?
 - a. There is a large cost to develop a new source or expand the industry base. It is not easy to expand the base due to cost. There is a lot to be said with supporting the present industry base and improving the capability.
- What is the average lead time for forgings?
 - a. Right now it is about 40 weeks, average, to get a forging completed. 12-14 weeks to get material and at least 6 more to forge. 60-70% of time is just waiting for material from mill
- Are you aware of the Buffer contract with Latrobe? Have any of the primes informed you of this contract? No, but we would like information on it so that we can put it in to place if it is not happening.
- What about dies and ownership of the dies?
 - a. The forger owns the dies but the government owns the exclusive rights to use the tooling. It is important that you add the part number and weapons system to help locate the tooling. Sometimes the part numbers may not match up but the print or description will help to identify the correct dies.
- Is there an advantage to having a second forging house to develop another set of dies?
 - a. If you are ordering at low volume of parts, it is not a suggested issue. If you are purchasing a lot of parts, it is a cost savings to develop. Dies will cost about \$100k-\$200k to build.

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- What about having the items hand forged?
 - a. Hand forged items are not suggested because you will not get the best grain flow of the metal. That can only be accomplished by a closed die.
- DCMA is the problem...The QALI being interpreted and over inspecting plus charging the OSP every time they go out. No standard processes for DCMA QARs.
 - a. The Government is in the process of rewriting the DCMA QALI document in order to standardize this process and leave less room for interpretation
- Do you think that a small business could handle all 3200 NIINs?
 - a. It is possible if you have the right team but with the financial requirement, it will be an issue.
- The Government has met with the forgers and they are interested in helping to work with a prime and reduce the PLT. The forgers like the idea of a single prime having a long term responsibility for a group of NSNs. This will provide them to make partnerships and long term contracts with the steel mills.
- One of the issues we see is that you have 3200 parts with tech data that will change which is a big problem. If you can release the tech data now to let the companies start to look through it to see what needs to be updated or changed, would be beneficial.
 - a. We will look into releasing tech data if possible. Most of the increase of NSNs are DLA managed items and the tech data is listed in C Folders.
- Are the awards coming in with an identified supplier? Are they going to come in as just an order and we have to find the supplier? How would you like to see it?
 - a. We have to work with the ESA to establish approved sources but we would like to hear how you would like to see it work. We have discussed this in the past and it would be a great move to allow the prime the ability to develop their own sources and get them approved
- First Articles: Do you feel that it would help to use third party labs?
 - a. Yes, that would help if we at least had the option to use them when needed. The present lab is overloaded. One of the present issues there is a lack of communication on outcomes. For an industry lab there is a lot more open communication with the supplier to resolve the problems.
- The QAR issue is a major problem with the suppliers. They should be doing random sampling.
- Have you considered incentives for manufacturers to stay in the business or just doing business with the government? The industrial base is reducing but it is mostly that they are not interested in doing business with the government.
 - a. We cannot pass incentives through a prime to the manufacturers, however we understand the importance of creating a sound contract with appropriate payment and incentives to allow the prime to help improve the industrial base.
- Will Progress payments be allowed on this contract?
 - a. We are discussing progress payments but they need to be looked at and will have very strong requirements for future progress payments.

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- We feel that if labor cost progress payments are not allowed, there will be several small businesses that will not be able to support the next effort. They just do not have the capital to support the labor costs.
- We can see that engineering capability is critical to this effort and needs to be a focus, suggest using engineering company to prime the contract.
- Do all the parts on this next contract have ESA at Hill AFB?
 - a. No, we would like to have it all at HAFB but we are working with the 417th EN office on that topic. There are also issues with the Richmond parts that will be added to the list. There is a problem with the time line when the ESA is not local to the contracting group. The 339 process is taking a long time.
- Do you see contractors having to bid ceiling prices?
 - a. That is still in development but it is unlikely that we will require ceiling prices. We see that pricing for 10 years is a risk. We are looking at a quantity price but we understand that there needs to be some price breaks and economic adjustment.
- Do you know where the DCMA office will be located? Suggest not using 1 focal point for DCMA (Cleveland). Use the regional DCMA offices.
- Are looking for input on the QALI from contractors?
 - a. Yes. We are looking for what is considered value added in the inspections. DCMA needs to do quality audits vs. process inspections.
- Does DCMA do the pre-production review?
 - a. No, they are not doing them. DCMA should get the TDP from the government but they are asking for it from the contractor. The contractor is not always willing to provide it because of the control of data requirements. Engineering needs to be consistent on the inspection of processes on all of the parts.
- Will the accounting system of the prime be considered vs. the sub-contractor system?
 - a. We will consider it.
- How do you feel about performance-based payments?
 - a. We like it. We think it is important because there are some subs that are not getting paid with the system that is used today.
- Is it possible to allow FAT prior to plating?
 - a. We will look into this and discuss it with the ESA.